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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

PROCESSED BY
11-11-H
MAY 1 1992

For the transition period from _____ to _____

Commission File Number: 0-19227

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X7 CAPITAL CORPORATION
(Exact name of registrant as specified in its charter)

California	95-4280610
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

15233 Ventura Boulevard, Suite 1110, Sherman Oaks, CA 91403
(Address of principal executive offices) (Zip Code)

(818) 905-6317
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X__ No _____

The registrant had 385,246 shares of common stock (no par value) issued and outstanding and to be issued as of March 31, 1992.

Total sequentially numbered pages in this document: 11.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

K7 CAPITAL CORPORATION
(A Development Stage Company)

CONDENSED BALANCE SHEETS

ASSETS

	March 31, 1992 (Unaudited)	December 31, 1991 (Audited)
Current assets:		
Cash and cash equivalents, unrestricted	$ 418,094	$ 432,157
Cash and cash equivalents, escrowed	295,783	285,351
Accrued interest receivable	922	1,742
Total current assets	714,799	719,250
Other assets:		
Prepaid consulting fee, underwriter, net	7,500	9,375
Organization costs, net	2,543	2,712
Deferred income taxes	14,250	12,581
	24,293	24,670
	$ 739,092	$ 743,920

(continued)

K7 CAPITAL CORPORATION
(A Development Stage Company)

CONDENSED BALANCE SHEETS (continued)

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 1992 (Unaudited)	December 31, 1991 (Audited)
Current liabilities:		
Accrued expenses	$ 10,004	$ 4,194
Income taxes payable	25,404	23,161
Total current liabilities	35,408	27,355
Shareholders' equity:		
Common stock, no par value, authorized 25,000,000 shares; issued and outstanding and to be issued - 385,246 shares at March 31, 1992 and 382,546 shares at December 31, 1991	772,082	763,156
Deficit accumulated during the development stage	(68,198)	(46,591)
	703,684	716,565
	$ 739,092	$ 743,920

See notes to condensed financial statements.

K7 CAPITAL CORPORATION
(A Development Stage Company)

CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)

THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	1992	1991
Revenues:		
Interest income	$ 6,581	$ 7,805
Expenses:		
General and administrative expenses	24,968	6,552
Amortization	2,044	170
	27,012	6,722
Income (loss) before income taxes	(20,431)	1,083
Provision for income taxes	1,376	1,667
Net loss	($ 21,807)	($ 584)
Net loss per common share	($ .06)	$ --
Weighted average number of common shares	381,146	101,755

See notes to condensed financial statements.

K7 CAPITAL CORPORATION
(A Development Stage Company)

CONDENSED STATEMENTS OF OPERATIONS (UNAUDITED)(continued)

FEBRUARY 27, 1990 (INCEPTION) THROUGH MARCH 31, 1992 (CUMULATIVE)

Revenues:	
Interest income	$ 59,348
Expenses:	
General and administrative expenses	105,845
Amortization	8,347
	114,192
Loss before income taxes	(54,844)
Provision for income taxes	13,554
Net loss	($ 68,398)
Net loss per common share	($ .20)
Weighted average number of common shares	334,645

See notes to condensed financial statements.

K7 CAPITAL CORPORATION
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)

THREE MONTHS ENDED MARCH 31, 1992 AND 1991, AND THE PERIOD FEBRUARY 27, 1990 (INCEPTION) THROUGH MARCH 31, 1992 (CUMULATIVE)

	1992	1991	Cumulative from inception
Cash flows from operating activities:			
Net loss	($ 21,807)	($ 584)	($ 68,398)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Noncash expense	8,926		20,717
Amortization	2,044	170	8,347
Changes in operating assets and liabilities:			
(Increase) decrease in accrued interest receivable	820		(922)
Increase in prepaid expenses		(3,645)	
Increase in deferred income taxes	(1,667)	(1,851)	(14,250)
Increase in accrued expenses	5,810	6,556	10,004
Increase in income taxes payable	2,241	2,718	25,404
Total adjustments	18,176	1,948	49,300
Net cash provided by (used in) operating activities	(1,631)	1,364	(19,098)

(continued)

K7 CAPITAL CORPORATION
(A Development Stage Company)

CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED) (continued)

THREE MONTHS ENDED MARCH 31, 1992 AND 1991 AND THE PERIOD FEBRUARY 27, 1990 (INCEPTION) THROUGH MARCH 31, 1992 (CUMULATIVE)

	1992	1991	Cumulative from inception
Cash flows from investing activities:			
Increase in organization costs	$ ----	$ ----	($ 1,090)
Net cash used in investing activities	----	----	(1,090)
Cash flows from financing activities:			
Issuance of common stock		495,564	884,064
Increase in prepaid consulting fee		(15,000)	(15,000)
Increase in offering costs	----	(83,273)	(134,999)
Net cash provided by financing activities	----	397,291	734,065
Net increase (decrease) in cash and cash equivalents	(3,631)	400,655	713,877
Cash and cash equivalents at beginning of period	717,508	349,349	0
Cash and cash equivalents at end of period	$ 713,877	$ 750,004	$ 713,877

See notes to condensed financial statements.

K7 CAPITAL CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 1992

1. Comments:

The accompanying condensed financial statements are unaudited, but in the opinion of management of the Company, contain all adjustments, consisting of only normal recurring accruals, necessary to present fairly the financial position at March 31, 1992, and the results of operations and the changes in cash flows for the three months ended March 31, 1992 and 1991, and the period February 27, 1990 (inception) through March 31, 1992 (cumulative). Certain information and footnote disclosures normally included in financial statements that have been prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although management of the Company believes that the disclosures contained in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, as filed with the Securities and Exchange Commission. The results of operations for the three months ended March 31, 1992, are not necessarily indicative of the results of operations to be expected for the full year ending December 31, 1992.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and capital resources - March 31, 1992:

The activities of the Company since inception in February 1990 have been financed through the sale of common stock. During the period from inception through March 31, 1992, sales of common stock provided working capital, net of offering costs, of approximately $750,000. As of March 31, 1992, the Company had net working capital of $679,391, which consisted primarily of cash and cash equivalents.

Since a portion of the Company's initial public offering was sold in the State of Colorado, the Colorado Securities Act requires that $292,000 of the net proceeds must be placed in a special escrow account until the completion of a transaction or series of transactions whereby at least $248,000 of the gross proceeds received from the sale of common stock is committed for use in one or more specific lines of business.

The Company has no long-term commitments for capital expenditures. Consistent with the business plan under which the Company was organized, the Company is utilizing its cash resources to fund general and administrative expenses, excluding management compensation, in order to locate, analyze, acquire and fund a business opportunity. The Company's cash resources may remain uncommitted for a substantial period of time until the Company can locate a suitable business opportunity candidate for acquisition by the Company. There can be no assurances, however, that the Company will be successful in locating and acquiring a business opportunity prior to expending its working capital, and that if successful in locating and acquiring a business opportunity, that the Company will have sufficient internal and external cash resources to fund the operations of the acquired business.

The Company has made short-term investments of its cash resources in United States Treasury Bills. Management believes that such investment policy minimizes risk and provides for a high degree of liquidity and a reasonable rate of return.

Results of operations - Three months ended March 31, 1992 and 1991, and the period February 27, 1990 (inception) through March 31, 1992 (cumulative):

The Company is a development stage company and its activities from inception through March 1991, when the Company's initial public offering was completed, were limited to organizational efforts and obtaining equity financing. For the period from inception through March 31, 1992, revenues and expenses have been nominal, consisting of interest income and various general and administrative costs, respectively. Since March 1991, the Company has been attempting to locate a business to acquire (see "Liquidity and Capital Resources" above). In addition, the Company is classified as a Personal Holding Company for Federal income tax purposes, and accordingly, is subject to a tax rate of 28 percent of its adjusted taxable income, in addition to the regular corporate tax rate.

PART II. OTHER INFORMATION

Items 1 through 6 are not applicable.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

K7 CAPITAL CORPORATION
(Registrant)

Dated: May 5, 1992

By: Yale Farar
YALE FARAR
President, Chief Executive Officer and Chief Financial Officer